



CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

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TESTIMONY OF  
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VICE PRESIDENT AND COUNSEL  
CONNECTICUT BUSINESS AND INDUSTRY ASSOCIATION  
SUBMITTED TO THE  
LABOR AND PUBLIC EMPLOYEES COMMITTEE  
MARCH 10, 2011  
LEGISLATIVE OFFICE BUILDING  
STATE CAPITOL  
HARTFORD, CONNECTICUT

Good day. My name is Bonnie Stewart. I am the vice president and counsel for the Connecticut Business and Industry Association (CBIA). CBIA represents over 10,000 firms, which employ about 700,000 women and men in Connecticut. Our membership consists of firms of all sizes and types, the vast majority of which are small businesses employing fewer than 50 people.

CBIA supports **SB-990** An Act Concerning The Prevailing Rate of Wages and **SB 989** An Act Concerning Reserve Balances And Changes To Municipal Binding Arbitration. These bills both seek to reduce the costs of municipalities to operate their governments, and should help reduce property tax increases.

Connecticut's ability to create jobs depends in part on an effective and efficient system of economic development assistance. **SB-990** would require prevailing wage laws to apply only to projects costing more than the current thresholds. It raises these thresholds to \$800,000 for new construction (up from \$400,000), and to \$200,000 (up from \$100,000) for the refurbishing, repairing, remodeling, rehabilitating or altering of public works projects. Given inflation and the higher costs of both materials and labor, it is time to adjust these thresholds.

Effectively, the bill partially relieves the burden of providing and reporting of a prevailing wage project (estimated to be about 21% more than non-prevailing wage by CCM) to dozens of municipal and state development projects that require new or supplemental construction.

Given the increasing costs of construction, as well as the limited fiscal means of state and local governments, Connecticut needs to do the best it can to limit the cost of publicly funded construction. This bill is a good first step for relatively inexpensive construction undertakings.

Binding arbitration in Connecticut is in need of reform. The system should allow for public sector compensation to reflect the overall compensation practices of a region. Its purpose should be to allow governments to attract and retain employees on a level playing field with the private sector. In practice, binding arbitration has allowed government-worker compensation to outpace private-sector regional norms. This is seen most acutely in such areas as administrative and blue collar staff, as well as some educational and professional staff. Numerous national studies underscore this growing disparity. CBIA hopes the committee not only passes this bill but modifies it to begin a more thorough review of collective bargaining.

This bill removes from consideration, in arbitration decisions, a municipality's reserve fund balance in the calculation of the municipal employer's financial capability. Presently, municipalities that set aside funds for a "Rainy Day" may be penalized for that prudent fiscal management. The state needs to encourage, not punish, fiscally well run municipalities. In addition, the bill reduces the costs of reviewing any rejected agreement by using one, rather than three, arbitrators in review.

We ask the committee to approve these bills. Thank you for the opportunity to express our support for these measures.

